

Christopher C. Jaynes  
4446 E. Rowel Road  
Phoenix, AZ, 85050  
480-659-3348

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CLERK U S DISTRICT COURT DISTRICT OF ARIZONA	
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IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF ARIZONA

CHRISTOPHER C. JAYNES

CASE NO.

**CIV 11 022 4 PHX ROS**

VS.

VANGUARD GROUP

COMPLAINT

**Jurisdiction**

Phoenix Division: Maricopa County

**Complaint**

This complaint relates to EEOC Charge No. 540-2010-03662 filed in October 2010 under which the EEOC has no jurisdiction.

I was employed with Vanguard Group from March 22, 2004 to March 5, 2010. While employed with the company, I personally witnessed a number of questionable, if not unethical, cultural practices routinely performed and openly accepted by various levels of Vanguard Brokerage Services (VBS) Management and Human Resources, as a means to "brand" subordinates and other employees. These practices ensured a fraternal order management style that is linked to a vast underground network called "The Matrix." This network, in addition to VBS Management, is comprised of members from many different types of organizations as well as owners and management from businesses that provide a whole array of services ranging from construction and restaurants to car sales and maintenance. Part of the cultural "status quo" included, but is not limited to, VBS Management participation in Texas Hold'em poker parties and members of VBS Management serving as realtors for employees wanting to purchase a home, with little or no internal regulation. The company became aware of my concerns about practices like these as well as the negative impacts of numerous scandals that had afflicted the department in the fall of 2008. They soon began to realize that I would not submit to their "whistleblower" intimidation tactics and constant surveillance, so I was eventually discharged in retaliation.

### **Demand**

Just to be clear, I am fully aware that the defendant does not carry out many of the inappropriate acts that have transpired on their own, as I alluded to earlier, without the aid of additional resources provided by other interested parties. However, I hold them primarily responsible simply because they were fully aware of the events taking place, set much of it in motion initially, and did nothing to stop it.

Therefore, due to the cruel and inhumane nature of the experimental psychological and sociological torture that I was, and continue to be subjected to, I am seeking two forms of relief.

First, I demand to have my rights restored to the same level of privacy that any other law-abiding citizen of the United States is entitled to. These rights were repeatedly violated and continue to be violated under false pretenses. If, however, there is some real concern from a legitimate authority then I expect to know what that concern is so I can work to clarify the matter without further torment.

Second, I am seeking financial compensation for personal damages. The amount I am seeking is one million dollars, of which twenty-five percent will be paid directly to a charity of my choosing and the rest will be awarded to me as a direct result of gross negligence by both VBS Management and Vanguard Human Resources. This financial compensation will be paid specifically for damage to both personal and professional reputation, which I may never be able to repair and most certainly will prevent me from ever working for another firm even remotely associated with Wall Street, lost wages, blatant disregard for maintaining safety in the workplace for employees, emotional pain, suffering, violations of privacy, and simply as a consequence of forcing me into a position where I have to file this complaint to resolve the matter.

Dated: 1/30/2011



Christopher Jaynes  
4446 E. Rowel Road  
Phoenix, AZ 85050  
480-659-3348

Sagres  
4446 E. Camel Rd.  
Phoenix, AZ 85050

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Phoenix, AZ 85003

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**CHARGE OF DISCRIMINATION**

This form is affected by the Privacy Act of 1974. See enclosed Privacy Act Statement and other information before completing this form.

Charge Presented To: Agency(ies) Charge No(s):

☐ FEPA☒ EEOC 540-2010-03662**Arizona Attorney General's Office, Civil Rights Division**

and EEOC

State or local Agency, if any

Name (indicate Mr., Ms., Mrs.)

**Mr. Christopher C. Jaynes**

Home Phone (Incl. Area Code)

**(480) 659-3348**

Date of Birth

**12-10-1974**

Street Address

City, State and ZIP Code

**4446 E. Rowell Road, Phoenix, AZ 85050**

Named is the Employer, Labor Organization, Employment Agency, Apprenticeship Committee, or State or Local Government Agency That I Believe Discriminated Against Me or Others. (If more than two, list under PARTICULARS below.)

Name

**VANGUARD GROUP**

No. Employees, Members

**500 or More**

Phone No. (Include Area Code)

**(800) 992-8327**

Street Address

City, State and ZIP Code

**14321 N. Northsight Blvd., Scottsdale, AZ 85260**

Name

No. Employees, Members

Phone No. (Include Area Code)

Street Address

City, State and ZIP Code

DISCRIMINATION BASED ON (Check appropriate box(es).)

☐ RACE    ☐ COLOR    ☐ SEX    ☐ RELIGION    ☐ NATIONAL ORIGIN  
☒ RETALIATION    ☐ AGE    ☐ DISABILITY    ☐ GENETIC INFORMATION  
☐ OTHER (Specify)

DATE(S) DISCRIMINATION TOOK PLACE  
Earliest                      Latest**03-05-2010**☐ CONTINUING ACTION

THE PARTICULARS ARE (If additional paper is needed, attach extra sheet(s)):

I was employed with the company named above from March 22, 2004 to March 5, 2010. In that time I served a number of roles ranging from Brokerage Representative on the phone to Control Analyst. While employed with the company, I personally witnessed numerous questionable, if not unethical, cultural practices routinely performed and openly accepted by various levels of Vanguard Brokerage Services (VBS) Management and Human Resources, as a means to "brand" subordinates and other employees. These practices ensured a fraternal order management style, which is linked to a vast underground network called "The Matrix." Part of the cultural "status quo" included, but is not limited to, VBS Management participation in Texas Hold'em poker parties and members of VBS Management serving as realtors (known in the department as Vanguard Real Estate) for employees wanting to purchase a home. The company became aware of my concerns about practices like these and the negative impacts of scandals that had recently afflicted the department in the fall of 2008. They soon began to realize that I would not submit to their "whistleblower" intimidation tactics and constant surveillance, so I was eventually discharged in retaliation. The company went through a process called "Self-Clearing Conversion" which concluded in May 2009.

I want this charge filed with both the EEOC and the State or local Agency, if any. I will advise the agencies if I change my address or phone number and I will cooperate fully with them in the processing of my charge in accordance with their procedures.

I declare under penalty of perjury that the above is true and correct.

NOTARY - When necessary for State and Local Agency Requirements

I swear or affirm that I have read the above charge and that it is true to the best of my knowledge, information and belief.

SIGNATURE OF COMPLAINANT

SUBSCRIBED AND SWORN TO BEFORE ME THIS DATE  
(month, day, year)

Date

Charging Party Signature

10 OCT 26 PM 12:31 EEOC-PHNO

## U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

## DISMISSAL AND NOTICE OF RIGHTS

To: **Christopher C. Jaynes**  
**4446 E. Rowell Road**  
**Phoenix, AZ 85050**

From: **Phoenix District Office**  
**3300 North Central Ave**  
**Suite 690**  
**Phoenix, AZ 85012**

☐

On behalf of person(s) aggrieved whose identity is  
 CONFIDENTIAL (29 CFR §1601.7(a))

EEOC Charge No.

EEOC Representative

Telephone No.

540-2010-03662

**Jeremy A. Yubeta,**  
**Supervisory Investigator**

(602) 640-5028

## THE EEOC IS CLOSING ITS FILE ON THIS CHARGE FOR THE FOLLOWING REASON:

☒

The facts alleged in the charge fail to state a claim under any of the statutes enforced by the EEOC.

☐

Your allegations did not involve a disability as defined by the Americans With Disabilities Act.

☐

The Respondent employs less than the required number of employees or is not otherwise covered by the statutes.

☐

Your charge was not timely filed with EEOC; in other words, you waited too long after the date(s) of the alleged discrimination to file your charge

☐

The EEOC issues the following determination: Based upon its investigation, the EEOC is unable to conclude that the information obtained establishes violations of the statutes. This does not certify that the respondent is in compliance with the statutes. No finding is made as to any other issues that might be construed as having been raised by this charge.

☐

The EEOC has adopted the findings of the state or local fair employment practices agency that investigated this charge.

☐

Other (briefly state)

## - NOTICE OF SUIT RIGHTS -

(See the additional information attached to this form.)

**Title VII, the Americans with Disabilities Act, the Genetic Information Nondiscrimination Act, or the Age Discrimination in Employment Act:** This will be the only notice of dismissal and of your right to sue that we will send you. You may file a lawsuit against the respondent(s) under federal law based on this charge in federal or state court. Your lawsuit **must be filed WITHIN 90 DAYS of your receipt of this notice**; or your right to sue based on this charge will be lost. (The time limit for filing suit based on a claim under state law may be different.)

**Equal Pay Act (EPA):** EPA suits must be filed in federal or state court within 2 years (3 years for willful violations) of the alleged EPA underpayment. This means that **backpay due for any violations that occurred more than 2 years (3 years) before you file suit may not be collectible.**

On behalf of the Commission  
*Rayford O. Irvin*

NOV 30 2010

Enclosures(s)

**Rayford O. Irvin,**  
**District Director**

(Date Mailed)

cc: **VANGUARD GROUP**  
**Director of Human Resources**  
**14321 N. NORTHSIGHT BLVD.**  
**Scottsdale, AZ 85260**

JOHN MCCAIN  
ARIZONA

COMMITTEE ON ARMED SERVICES  
COMMITTEE ON  
ENERGY AND NATURAL RESOURCES  
COMMITTEE ON HEALTH,  
EDUCATION, LABOR, AND PENSIONS  
COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS  
COMMITTEE ON INDIAN AFFAIRS

## United States Senate

August 20, 2010

Christopher Jaynes  
4446 E. Rowel Road  
Phoenix, AZ 85050

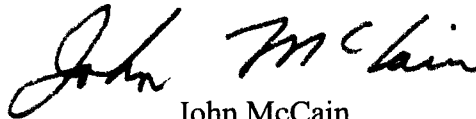
Dear Christopher:

I want to take this opportunity to thank you for your letter regarding your situation.

Unfortunately, your situation appears to involve litigation or may require litigation under the judicial system. Members of Congress are precluded from inquiring into matters pending before the courts by provisions of the Constitution that mandate a separation of powers between the Judicial, Executive, and Legislative branches. I feel that my involvement in your present situation may be viewed as an interference in the judicial process.

Christopher, I am sorry that I cannot be of assistance at this time and your correspondence is being returned to you.

Sincerely,



John McCain  
United States Senator

JM/zjp

241 RUSSELL SENATE OFFICE BUILDING  
WASHINGTON, DC 20510-0303  
(202) 224-2235

5353 NORTH 16TH STREET  
SUITE 105  
PHOENIX, AZ 85016  
(602) 952-2410

122 NORTH CORTEZ STREET  
SUITE 108  
PRESCOTT, AZ 86301  
(928) 445-0833

4703 SOUTH LAKESHORE DRIVE  
SUITE 1  
TEMPE, AZ 85282  
(480) 897-6289

407 WEST CONGRESS STREET  
SUITE 103  
TUCSON, AZ 85701  
(520) 670-6334

TELEPHONE FOR HEARING IMPAIRED  
(602) 952-0170

Español | Other Languages

I THOUGHT  
YOU MIGHT BE  
INTERESTED IN  
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Employers

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al Avenue

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(Acting)

Agencies

FOIA

**Attorney:**

**Office**

**Hours:**

The Phoenix District Office is open Monday - Friday from 8:00 a.m. - 4:30 p.m. Please call first to obtain information. Charge receipt interviews must begin prior to 3:00 p.m.

La Oficina del Distrito de Phoenix esta abierta de Lunes a Viernes de las 8:00 a.m. hasta las 4:30 p.m. Si usted desea más información en Español, comuníquese con Maria Castañeda (602) 640-5024. Las entrevistas tienen que comenzar antes de las 3:00 p.m.

Directions

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# U.S. Equal Employment Opportunity Commission

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## Filing A Charge of Discrimination

If you believe that you have been discriminated against at work because of your race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability or genetic information, you can file a **Charge of Discrimination**. All of the laws enforced by EEOC, except for the Equal Pay Act, require you to file a Charge of Discrimination with us before you can [file a job discrimination lawsuit](#) against your employer. In addition, an individual, organization, or agency may file a charge on behalf of another person in order to protect the aggrieved person's identity. There are [time limits](#) for filing a charge.

**Note:** Federal employees and job applicants have similar protections, but a [different complaint process](#).

If you file a charge, you may be asked to try to settle the dispute through [mediation](#). Mediation is an informal and confidential way to resolve disputes with the help of a neutral mediator. If the case is not sent to mediation, or if mediation doesn't resolve the problem, the charge will be given to an investigator.

If an investigation finds no violation of the law, you will be given a Notice of Right to Sue. This notice gives you permission to file suit in a court of law. If a violation is found, we will attempt to reach a voluntary settlement with the employer. If we cannot reach a settlement, your case will be referred to our legal staff (or the Department of Justice in certain cases), who will decide whether or not the agency should file a lawsuit. If we decide not to file a lawsuit, we will give you a Notice of Right to Sue.

In some cases, if a charge appears to have little chance of success, or if it is something that we don't have the authority to investigate, we may dismiss the charge without doing an investigation or offering mediation.

Many states and local jurisdictions have their own anti-discrimination laws, and agencies responsible for enforcing those laws ([Fair Employment Practices Agencies](#), or FEPAs). If you file a charge with a FEPA, it will automatically be "dual-filed" with EEOC if federal laws apply. You do not need to file with both agencies.

- [How to File a Charge](#)
- [EEOC's Charge Handling Process](#)



BUL 12 2010

July 7, 2010

AUG 02 2010

Dear Senator John McCain,

My name is Christopher Cyrus Jaynes. I am 35 years old. I have lived in Arizona for the last 6 years. As a result of what I am about to tell you, there are very few people outside of my family and old friends that I trust anymore. I hope you may be one of the few that are in a position to help me without a fear of retaliation and/or job loss in this weakened economy.

I come from a background of mostly conservative and traditional family values yet I have always considered myself to be one that is fairly open-minded. I am always willing to consider alternative points of view but I do not appreciate it when the opinions of others are forced upon me. No family is perfect, but I am confused as to why I should feel guilty about being raised in a relatively healthy and stable environment. Maybe I am just a little old-fashioned or naïve, but I never thought I would ever, in my life, have to endure the type of discreet psychological torture and other oppressive tactics that I have been subjected to over the last 3 years or so.

I have enclosed a letter titled "My Vanguard Story" that is similar to the one I sent to the Department of Economic Security shortly after I was involuntarily discharged from the Vanguard Group. This letter basically sums up all of my concerns regarding my employment with Vanguard and my subsequent termination. My family is aware of this letter and I believe the company decided to force my termination out of fear that I would take this information to the media or file a lawsuit against them. After I sent the "My Vanguard Story" letter back in March, I was informed by the Department of Economic Security that there would be an investigation into the nature of my termination of employment prior to receipt of any unemployment benefits. A few weeks later, I received a letter stating that the case was closed and that I would be receiving unemployment benefits shortly. I do now receive benefits but I am not sure what type of investigation was done since my letter was never mentioned or addressed.

In the span of 9 months (beginning in June 2009), I went from a model employee, who had never missed a day of work in over 5 years, to a "troubled" employee who was forced to meet with Human Resources and management 14 times, accused of everything from coming across as too perfect, speaking with conviction, serving as an unnecessary watchdog for the department, and bullying others, to claims of potential violence in the workplace....which HR Representative Maria Busch later agreed were completely false and unsubstantiated. I was also subjected to continuous threats of poor performance reviews for the future, demotions, verbal and formal warnings, and eventual termination. I signed the first written warning that I received as a peace offering but I caught on to the scheme pretty quickly. I soon realized that the company was just going to continue pushing write-ups on me to justify their inappropriate actions, regardless of what I did or said, so I refused to sign any others. Prior to this time, I had never had to speak with Human Resources about my performance, in over 8 years in the industry, 5 of which had been at Vanguard. On July 28<sup>th</sup>, 2009, I wrote a letter, which I have also enclosed, to the

Vanguard Human Resources Department. In this letter I explained my concerns about the events that had taken place up to that point. HR never responded to the letter or addressed it in future meetings.

I was responsible enough to have saved a 6 month emergency fund but it is just about exhausted, even with the help of the weekly supplemental unemployment benefits. My expenses are relatively low and my wife and I continue to cut back. In addition, my credit score is good (over 700) and I have no criminal record, yet I can't get a loan modification on my mortgage because I don't have a job. I have been actively searching for work in my field with few prospects. After having little success with jobs similar to what I have done in the past, I began applying for jobs that I was overqualified for but I still can't even get an interview....even though there are hundreds of applicable jobs in the Phoenix area at any given time. I have also recruited the help of employment agencies with no luck so far. The one positive is that I was recently accepted into graduate school. Yet, I am concerned that, unless this issue is resolved soon, two years from now, I will be \$40,000 deeper in debt with no decent paying job or any job at all for that matter. I have tried to move on with my life but I have decided that I will not allow for the intentional violation of my privacy and rights as an American citizen, the gradual depletion of my life savings and retirement, and a tarnished reputation.

I fear that the underground network I refer to in my letter has somehow managed to successfully "blackball" me and the infiltration is only getting stronger. I refuse to be treated like some sort of imprisoned criminal in my own country. Unfortunately, it is very difficult to fight back when you aren't even sure what you are being accused of anymore. Since I did not grow up in Arizona and I did not go to college in the area as an undergraduate, I am relatively unknown in Phoenix and that puts me at a severe disadvantage. In addition, I don't have the financial resources or extensive contacts necessary to destroy this network's credibility. Lately, I have begun to fear that this network may be more than just a well connected group of opportunists working in the financial sector. I don't think it is any big secret that organized crime is a huge problem in this state. There have been times in the last few years where I have been seriously concerned for my own safety as well as the safety of my family because of what I know.

If, in fact, this network has been around, in one form or another, for the last fifty years and serves a purpose in this state for the benefit of its law abiding citizens (safety, security, etc.) as I have been told in the past, then I am not interested in destroying it completely. However, if I am being made to suffer for the benefit of other citizens (especially criminals) and this network is allowed to operate outside of the United States Constitution, then the system is clearly broken or corrupt and needs to be re-evaluated. I am unable to accept that our leaders at the local and state levels think the methods I refer to display sound judgment. In the spirit of July 4<sup>th</sup>, this appears to me to be some sort of "taxation without representation".

I understand that Vanguard and others may be upset that "the cat is out of the bag" on a few of their closely guarded secrets and this may be extremely embarrassing for them but that could have been avoided if management would have done a better job in the

beginning of listening to employee concerns and treating them with respect instead of creating a culture of paranoia and cover-ups. Vanguard may not be solely responsible for this mess but it definitely started with them. The longer I deal with this issue, the more I feel that this may be a problem with big-business in general. I spoke with an attorney back in December about the possibility of a lawsuit against the company, specifically against the Human Resources and brokerage management groups. After explaining many of my concerns, he stated that an arbitration case that could potentially open up "Pandora's Box", as he called it, would be expensive. He also said that I would definitely get fired. As a result, I decided to hold off at that time and hoped things would get better. Well, here I am. I have already been fired and maybe a lawsuit is now necessary just to clear my name so I can move on with my life.

Clearly, the timing on this mess could not have come at a worse time. The industry I work in is already highly regulated and more reforms are needed. Even after all I have been put through, I still remain concerned that a successful lawsuit, against a company that has, so far, managed to avoid many of the public scandals that ultimately created this financial crisis in the first place, could have far reaching implications for the economy, especially the already unstable financial sector. Consequently, many innocent people just trying to hold onto their jobs could be negatively impacted. I am not sure what else to do to resolve the issue at this point. Any guidance you may have on this matter would be greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Jaynes", written in a cursive style.

Chris Jaynes

July 28, 2009

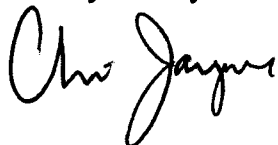
To whom it may concern:

I would like to make some comments regarding the interactions I have had with both Human Resources and VBS management over the last two months. Today I received my copy of the Written Alert that was originally presented to me on July 20<sup>th</sup> for unprofessional behavior and insubordination during a July 7<sup>th</sup> meeting. Attached to this document was a second version of Frankie's account of the events that took place on July 7<sup>th</sup> which I had never seen before (I attached the first version with my rebuttal dated July 25<sup>th</sup>). This version contained no facts, only a blanket statement that summarizes her feelings during our interaction. I will not argue with this new statement since I have already signed the Written Alert but it is now abundantly clear to me that, at least in my situation, feelings will take precedence over facts and this concerns me. Where do you draw the line between real concern and oversensitivity or immaturity of those making the accusations?

Since June 2<sup>nd</sup>, I have had no less than 10 meetings related to behavioral issues regarding two separate incidents, half of them occurring in the last two weeks. In my opinion, this is unacceptable. I should never have to give my "side of the story" more than once and when accusations are made against me, Maria Busch or another HR representative should be present. In addition to taking valuable time away from my job duties, this excessive number of meetings has only served to confuse the picture further. Many times, I found myself having to clarify things more than once because one individual would present one version of the "other side of the story" and then someone else would present another slightly different account. Why wasn't everyone clear on the opposing version prior to meeting with me? Why did I have to explain myself more than once for each incident?

Lately, I have made myself more aware of the interactions of members of management around me to get a better understanding of how their behavior differs from mine. Clearly, kidding around is a pretty common occurrence in our area and Nathan Hartman and Frankie participate, as do I. The kidding around does get personal but appears to be tolerated from the reactions I witness from others. Where do you draw the line on what is considered unprofessional? Just today, Frankie made a comment to Scott Spilman (ISG Team Leader) about getting a "red nose and red shoes" to match his curly hair when he grows it out—obviously jokingly inferring that he was a clown. To me this is an innocent joke but I am now concerned that if I was to make the same joke, I would be speaking to you all again about a third incident. Here's another example. Back on Monday July 20<sup>th</sup>, Nathan joked with Karina Smith (VBS ARC associate) by saying "Vanguard offers cubicles to all people except those of Native American decent". I am not sure what that meant but nobody around seemed to think that was an inappropriate comment. Personally, this is more of a classic case of unprofessionalism yet I don't think there have been any consequences to his action. Hopefully, these examples give you a better idea of my concerns going forward.

Thank you for your attention to this matter,

 07/28/09

## My Vanguard Story

My name is Christopher Cyrus Jaynes. Up until my “accelerated termination” on March 5<sup>th</sup>, 2010 for “performance”, I had survived and even, at times, thrived in an **absolutely miserable work environment** at Vanguard for the better part of the last 3 years.

The main reason that I chose to remain employed there was that I ultimately felt that this company still most closely represented what I was looking for in an employer. I wanted to believe, for a long time, that VBS Management would eventually “see the light”, fix their problems internally, announce to its employees what had happened, and remove those members of VBS Management responsible (regardless of how high up the corporate ladder they had to go) before legal action and public awareness of these issues became necessary. This never happened.

I worked for Vanguard Brokerage Services (VBS) for almost 6 years, beginning in March 2004. I have Series 7 and Series 63 licenses. I have worked in this industry for almost 10 years. I worked at Charles Schwab and American Funds before Vanguard. At Vanguard, I started out as an equity trader on the phones, handling customer service issues and placing equity trades for clients. After almost a year and a half (summer of 2005), I was promoted to the High Net Worth Desk, handling similar issues, but for clients with higher levels of service. About 6 months later (January 2006), I accepted a new position as a Problem Resolution Associate, handling internal service issues (i.e. resolving problems related to incoming and outgoing account transfers, answering questions for customer service associates, etc.). Within a few months (May 2006), I was promoted to Senior Associate. This job required me to serve as a liaison between equity trader phone associates and management. I provided coaching and feedback, evaluated phone calls, filled in for the supervisor when they were out of the office, answered associate questions, and handled “elevated issues” with clients. After almost two years (February 2008), I was again promoted to Control Analyst. I was responsible for auditing and reconciling corporate error, inventory, and suspense accounts, identifying flaws in corporate procedures and then assisting with the placement of controls, and writing new procedures. I was in this position for almost exactly 2 years before being terminated.

Now that I have told you a little about my background at Vanguard, I would like to say that I never intended to be a “whistle blower” or “crusader”, especially after witnessing first-hand what one can be subjected to. In fact, the main reason I came to Arizona was to establish roots and work for Vanguard, not to cause trouble. Many of the principles I thought Vanguard adopted also represent the same values I try to live by: everyday excellence – try to make a difference everyday, accepting diversity – of thought and background, investing for the long term – setting a plan and sticking to it, integrity – do what you say, say what you do, and hard work ethic – anything worth having doesn’t come easy. I came to find out, however, that under the surface, Vanguard has supported and continues to support individuals in positions of leadership and power that violate principles like these and who chose to operate under a different set of rules.



My story begins with the hiring of David Cermak as head of Vanguard Brokerage Services in 2005 or 2006 and at the heart of this story lies a clash between East Coast and West Coast mentality, Vanguard culture which I will explain later, and an unhealthy level of internal politics and possible corruption. There had been a constant "stir" in Vanguard Brokerage for years about going "self-clearing". Cermak was the answer to accomplishing this. The 50+ million dollar investment, Project Centerfield, was his brainchild. Robert Thomas, who headed up Project Centerfield, announced around April 2007 that one of the objectives of this proactive project was to make "people that didn't want to be a part of Vanguard" uncomfortable enough so they would leave. How was this to be determined? The answer was that these subjective decisions would be driven by perceived loyalty to VBS Management after exposing subordinates to a heavy dose of Vanguard culture and internal politics.

In my first 5 years, there had been at least 7 so-called "scandals" in my office, most of which I was not a participant in and none of which I was ever contacted by Human Resources about. I believe the nature of these scandals either created "mad hysteria" within the ranks of management or, probably more accurately, created an opportunity for management to more closely monitor and control its employees...thereby generating support for many of the inappropriate actions that would later be made. I believe it is this "corporate witch hunt mentality" that spawned many of the unethical aspects of Project Centerfield/Project One. Here are the scandals that I am aware of:

- "The inappropriate email" (2005 or 2006) – An email was sent out which contained a bad joke about homosexuals. The email contained a distribution list which included my last supervisor Francine Enriquez and many others in the department at the time. As a result, everyone on the distribution list was called down to Human Resources and I believe they all received a Verbal or Formal Warning. I don't know who actually sent the email. I believe there must have been other instances as well because, in addition to this event, during my Pre-Leadership training in December 2007, VBS Principle Laura Simon-Browne mentioned, in one of my classes, that one of the biggest problems with the Arizona site is accepting diversity.
- "The Great Crapper Cap" (2006) – One of the janitorial staff made a complaint about one of the employees, in the men's bathroom on the second floor, exposing himself to her when she walked in to clean the bathroom. The janitor wasn't able to specifically identify the individual but along with the assistance of Human Resources, a line-up of suspects was created. Among this line-up were Steve Gerik, Karl Kjos, Scott Hammon, and Robert Barrett. This group was then "interrogated" by Human Resources. This must have been a humiliating experience. These individuals look nothing alike and Karl Kjos once told me that he felt he was selected simply because the company needed something to tie him down with. We never heard whether the culprit was ever identified but the issue was blamed on Robert Barrett after he left Vanguard months later.
- "Sending the wrong message" (early 2006) – A member of my Problem Resolution team (Chris Barozie) along with his girlfriend (Stephanie – forgot the last name), who worked in the Flagship Services area, were abruptly fired. Chris

Barozie was a young up-and-coming employee but he started a relationship with a married woman at work and then he was apparently caught using a company messaging system inappropriately for personal use.

- “The Chad Gray incident” (2007) – A phone associate Chad Gray, his cousin, Tyler Enstrom, Steve “Nick” Henrichs, and Eric Ende, were supposedly all internally and externally investigated for committing fraud against the company. All of them eventually either quit or were fired except one, “Nick” Henrichs. The most interesting aspect of this is that most of these individuals had questionable backgrounds before coming to Vanguard (see the BrokerCheck feature on FINRA.org). Yet Vanguard, which has always prided itself on a rigorous hiring process, hired these guys. Did they not review their U4 before officially hiring them? I have also heard from Nathan Hartman (who was in the Risk Department at the time) that someone in VBS Management still keeps in contact with Chad Gray, so he must not be in prison. The last time I checked FINRA.org, it said he was working at some café in Scottsdale. Was this whole thing made up by VBS Management and Human Resources?
- “Penny stock investigation” (November 2008) – Vanguard announces in a widely distributed corporate email that it is being investigated for possible inappropriate actions taken regarding online gambling penny stocks. There was never a follow up email and nobody seems to know what happened to the investigation.
- “The Gambling Ring” (uncertain when this began or if it has ended) – For years, even before I started working at Vanguard, brokerage employees and, specifically, members of VBS Management would take an annual weekend trip to Las Vegas for gambling and strip clubs. The supervisors that I am aware of that would go on these trips included Brian Dillon, Kevin Cline, and Joe Sena but there were others. In addition, many of these individuals were also heavily involved in online gambling. VBS Management members Bill Kirkendall, Brian Dillon, and Joe Sena are or, at least, were big online gamblers. There were also organized poker games that were held at a number of people’s houses. I was invited to attend 2 of these events but they were held every few months, for years. Since I don’t know how to play poker, I wasn’t in the games very long and I left no more than a few hours after each one started. One of the poker games I attended was held at a former Vanguard employee’s house, Charles Chae in 2007. The other one was held at the house of “Nick” Henrichs, also in 2007. The members of VBS Management that I witnessed at these events included Jason McCrea, Joe Sena, and Eric Baptiste but it was common knowledge in the department that there were many others. I learned shortly after I became a Control Analyst that VBS Management uses these “unsponsored events” to gather information on subordinates and Vanguard had probably been aware of these events for quite some time. In addition, Ron Raimondi, now a member of training in Human Resources, hosts an annual Fantasy Football League party. I participated in his Fantasy Football League in 2007 and 2008 but I have never participated in online gambling beyond this. The first year, I split a fantasy football team with Tom Knowlton and the second year I split a team with Derek Moon. I never won more than the \$50 I put into the game in either year I played and even though I love the sport of football, I looked at this more as a way to



build comradry with my peers, than an opportunity to make money. The only members of VBS Management that ever participated were Eric Baptiste, Kevin Cline, Scott Spilman, and Derek Moon. Once I learned the true nature of these events, I stopped attending any event hosted by a Vanguard employee. I haven't attended a Fantasy Football League party or poker party in over 2 years.

- "Vanguard Real Estate" (Continues to this day) – For years, many members of VBS Management have been either directly or indirectly involved in real estate. Members of management have served as realtors for many Vanguard employees over the years and the company was well aware of this practice. There is no internal regulation in place, that I am aware of, to ensure that there is no insider trading related to the real estate market or other conflicts of interest taking place. The only thing these individuals have to do is report the secondary employment on their U4. The following are the members of VBS Management I am aware of that are either part time real estate agents or benefit from an association with real estate in some way: Matt Kolber, Jill Busbee, Joe Sena, Eric Baptiste, and Joseph "J.J." Montenegro.

VBS Management demands absolute loyalty, not necessarily to the company, but to them. This loyalty is obtained through "hazing", similar to what is required for entrance into a college fraternity. The "hazing process" begins when a targeted employee is intentionally isolated or quarantined, just like in a prison, while constantly being subjected to intimidation and harassment both inside and outside of work, until the subject is "broken" and management's desired results are achieved. While this is happening, you are also being monitored and evaluated by management.....even by some of your peers. Management's first peer recruits into this process are typically those individuals that were observed to have developed relationships with you in the past.

The intimidation and harassment stems from a complex network of information sharing or "networking". As a direct result of Project Centerfield/Project One funding, this network has evolved significantly over the years alongside Vanguard's security infrastructure. Once your devotion to the "underground network" (more commonly known as "The Matrix" or "The Sun") is established, you are rewarded with promotions and protection, regardless of actual ability, almost like the status obtained and the protection provided through street gangs or organized crime, but without the physical violence aspect. For the most part, the rest of the Vanguard Group operates completely separate from VBS Management but the "cult culture" is still integrated into every aspect of every process.

VBS Management believes that almost anything can be bought and what can't be bought can be covered up or shut up in order to "maintain sustainable and consistent results". They also realize that knowledge is power. How do you obtain power and control over your subordinates? By obtaining employee personal information during the "hazing process"...character traits, vices, family background, etc.

The personal information is obtained from a number of different sources including observation at work (i.e. analysis of phone calls and campus cameras), other Vanguard

employees and security personnel, friends and family where possible, public records, personal phone calls and home internet usage without employee authorization or knowledge (via relationships with internal or external members of the underground network, with access to the necessary technology, or third party vendors), and GPS devices possibly equipped with the ability to eavesdrop on conversations that can be installed on employee personal vehicles. Once gathered, the information is then sorted to create what is called "Vanguard DNA", with the full cooperation of Human Resources. This "Vanguard DNA profile", once accurate, can then be used to control the employee, discredit them by making them appear crazy or paranoid, or simply force them to quit. Unfortunately for management, I was able to expose my own "Vanguard DNA profile" as highly inaccurate and easily manipulated. How did I know what my Vanguard DNA profile was? By finding out what people were saying about me. If you ask enough people, over time, you can develop a very good picture of what management thinks about you. Essentially, I already knew, prior to the beginning of my "prison sentence" in October 2007, what Vanguard was going to try to "pin on me".

Prior to me, anyone that fought back would eventually quit or give in – either voluntarily or by force. VBS Management never expected me to be able to hang around as long as I did or stand up to them and their agendas. I noticed early on that management was fairly successful at shifting all responsibility to their subordinates by delegating the implementation of their methods through fear, threat of poor evaluations, and lack of future considerations for promotion, with the full support of Human Resources, Compliance, and the Legal Department.

A "business decision" or "bailout plan", as current Vanguard employee Patrick De Meo once called it, was developed by management (VBS Operations Manager Joe Colaizo headed up the effort) around November or December of 2008 in order to dedicate significant amounts of time and company resources to making me and possibly others the "sacrificial lamb" for their unethical behavior. The decision was made after learning from Patrick De Meo, Nathan Hartman, and Francine Enriquez that I may have gathered enough evidence for a successful lawsuit against the company even though that was not my intention at the time. The evidence I have collected was initially done strictly for my own protection. If they were accurate in their assessment, then why did I not file a lawsuit prior to that time, considering most of the information I have collected was done before August 2008?

Over the course of the last 3 years, I have been investigated internally by Vanguard, and possibly externally by state, local authorities, the SEC, and/or FINRA under false pretenses. In addition, my family may have been investigated and misled under false allegations during Project Centerfield, in an effort to obtain additional information about me. Some sort of GPS device was installed on my truck by Power Ford in North Scottsdale while having my oil changed there some time between late 2006 and early 2007. I have been aware of the fact that many private conversations that I have had over the last 3+ years may have been listened to without my authorization. I learned after purchasing my house in August 2007 through Vanguard employee (Joe Sena), that some sort of listening device may have been installed in the central air conditioning unit of my

house, with the aid of Eric Baptiste, in July or August of 2007. I now know that both play significant roles in "The Matrix" and are deeply rooted in VBS internal politics. I am also pretty certain that activity on my personal home computer has been monitored by VBS Management for at least the last 3 years. My home phone has been monitored for at least the last 3 years as well as both of my cell phone numbers (first cell number was changed when I discovered it was being monitored by Vanguard...the new number was never provided to VBS, yet it continued to be monitored. Cell phone service was then cancelled altogether in February 2010). Why does anyone but the government have access to this type of information? This should be illegal if it already isn't. Obviously, the main concern here, not only for me but for anyone monitored by VBS Management and the underground network, is that it only takes one "bad seed", with access to an employee's bank account numbers, credit card numbers, computer passwords, and other sensitive information to really make a mess of their personal finances, if not their whole life.

In addition, Human Resources and a brokerage manager, who was my designated mentor (Keith Petrine), alluded to the fact that the AZ Site Manager at the time, Matt Kolber, may have provided false and/or manipulated information to the CFP Board in an effort to influence a decision to fail me on the CFP Comprehensive Examination not just once, but at least twice, with the full support of the Vanguard Business Development Group and Vanguard Asset Management Services. Interestingly enough, Matt once said that "in order for me to be a good financial advisor, I would have to experience losing everything first". What gives him or anyone else the right to make that judgment? Is he God? I don't think so.

In May 2009, after Self-Clearing Conversion, VBS Management created a new 250 million dollar project called "Project One" to finish what Project Centerfield could not. In addition to its public objectives (i.e. working toward all of Vanguard, not just brokerage, being on the same trading platform), the project also is designed to look for more ways to "tie up loose ends" with certain employees. In order for the project to be successful, management will have to find a way to "bind" all remaining employees that they deem as a threat to speak out publicly against any unethical behavior that occurs as a result of these projects.

The most recent bad decision, in a whole series of bad decisions, is a new "needs based plan" which has been disguised under the name Pay for Performance and is left purely up to the subjective discretion of management. This plan's objective is to provide more "fairness"...to cipherr off of those with possibly more ability and/or creativity and then redistribute the benefits (i.e. bonuses, rewards, etc.) to only the most loyal subjects, even if they have less ability, motivation, and/or creativity. This is precisely what I have experienced over the last year or so.

I have been told by members of management and Human Resources that the reason I was subjected to all this abuse is because "I speak with conviction", "come across as being too perfect", and simply because "management is afraid of me and doesn't trust me". Recently (October 2009), the word "Surrender" was scratched into the passenger side door of my truck while parked in the company parking garage. For years, members of

management and my peers alike have alluded to my association with the following in an effort to disguise the true reasons for my "insubordination": racism, corporate terrorism, ties to the mafia, spousal abuse, anger management problems, drug abuse, use of sedatives while at work, sale and distribution of drugs, alcoholism, drunk driving, homosexuality, extra-marital affairs, and various forms of disease (cancer, diabetes, Alzheimer's, stroke). All of these accusations are false and many are so completely ridiculous and even contradictory. I guess this juvenile behavior was supposed to make me angry or intimidate me?

After May 2009, numerous attempts were made to speed up my termination by utilizing "two on one" meetings coordinated between Human Resources and members of management. During these meetings (there were a total of 14 during this time), I was threatened with demotion, loss of bonuses and other rewards, Written Warnings, Formal Warnings, poor performance evaluations, and termination, in an effort to pry emotion and information out of me. Prior to May 2009, in more than 5 years of working at Vanguard, I had never met with Human Resources even once and I had never received a poor yearly performance review. In fact, I had never received a poor annual performance review in the previous 8+ years in the industry.

All I want, all I have ever wanted was to receive an apology for the personal attacks on my character, the social and psychological experiments performed on me and others, the internal investigations, and violations of privacy done under false pretenses, as well as the unwanted stress that followed. I wanted to continue my employment in VBS but now that I no longer have to endure this abuse, I want to make sure that nobody else has to either. VBS Management and the underground network that it supports will stop at nothing to maintain their version of reality, even at the expense of their employees.